

Message Text

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PAGE 01 KARACH 00055 091419Z

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ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 RSC-01 /018 W

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R 091320Z JAN 75

FM AMCONSUL KARACHI

TO USDOC WASHINGTON

INFO SECSTATE WASHDC 8591

AMEMBASSY ISLAMABAD

UNCLAS KARACHI 0055

E.O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: MAJOR PROJECT EARLY WARNING; POLYESTER FIBER
PLANT IN KARACHI

SUMMARY: CONGEN RECENTLY LEARNED OF GOP PLANS TO ERECT POLY-
ESTER FIBER PLANT IN PUBLIC SECTOR. COST OF PROJECT ESTIMATED
AT DOLS25 MILLION WITH DOLS16/MILLION FOREIGN EXCHANGE COMPONENT
PRELIMINARY REPORTS INDICATE THAT SAUDI ARABIA LOAN WILL BE
UTILIZED TO FINANCE FOREIGN EXCHANGE PORTION OF PROJECT.
AMERICAN FIRMS CAPABLE OF SUPPLYING PLANT URGED TO CONTACT
APPROPRIATE AUTHORITES IMMEDIATELY. END SUMMARY

1. NEWS REPORTS JANUARY 5 INDICATED RECENT OFFER BY SAUDI
ARABIA FOR LARGE FOREIGN EXCHANGE LOAN ON VERY GENEROUS
TERMS TO FINANCE VARIOUS INDUSTRIAL PROJECTS IN PAKISTAN.
ONE OF THE PROJECTS INCLUDED IS 12,000 TON PER YEAR CAPA-
CITY POLYESTER FIBER PLANT.

2. CONGENOFF CONTACTED OFFICAL OF FEDERAL CHEMICALS
AND CERAMICS CORPORATION, ONE OF RECENTLY ORGANIZED GOP-
OWNED HOLDING COMPANIES RESPONSIBLE FOR MANAGEMENT AND
DEVELOPMENT OF BASIC CHEMICAL INDUSTRIES IN PAKISTAN.
FCCC OFFICAL CONFIRMED NEWS REPORTS AND STATED THAT
GOP APPROVAL FOR PUBLIC SECTOR POLYESTER FIBER PLANT WAS
RECEIVED IN OCTOBER 1974 AND THAT ENQUIRIES HAVE ALREADY
BEEN ISSUED FOR SUCH A PLANT. OFFICIAL REPORTED THAT FCCC
HAS ALREADY BEEN IN CONTACT WITH SEVERAL EUROPEAN FIRMS AS
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WELL AS AMERICAN FIRM CHEMTEX INC., OF NEW YORK CITY. TO

DATE NO OFFER HAS BEEN RECEIVED BY FCCC FROM CHEMTEX:

3. SUBSEQUENTLY CONGENOFF OBTAINED COPY OF FCCC ENQUIRY WHICH REQUESTS OFFERS FOR SUPPLY OF COMPLETE POLYESTER PLANT CONFORMING TO FOLLOWING SPECIFICATIONS:

PRODUCTION CAPACITY 10,000 TONS PER YEAR

STAPLE FIBER AND 2,000 TONS YARN FOR TEXTURIZING; PLANT TO BE BASED ON ANY OF THE FOLLOWING PROCESS ROUTES, DMT - BG, PTA- BG OR COMBINATION OF THESE TWO.

ENQUIRY ALSO REQUESTS COST BREAKDOWN AND OTHER DETAILS OF PROPOSAL FOR POLYESTER PLANT. COPY OF TWO PAGE ENQUIRY BEING AIR POUCHED TO COMMERCE (BIC/OIM/MEPD). PROJECTED COST OF PLANT IS DOLS25 MILLION INCLUDING FOREIGN EXCHANGE COMPONENT OF DOLS16 MILLION WHICH IN VIEW OF RECENT NEWS REPORT WILL BE FINANCED BY SOFT LOAN FROM SAUDI ARABIA.

4. ACTION REQUESTED: THAT COMERCE CONTACT CHEMTEX INC. (SUGGEST HOWARD PARSONS, TREASURER, CHEMTEX INC., NEW YORK CITY PHONE 212 752-5220) AND ASCERTAIN IF THEY PLANNING TO PURSUE THIS PROJECT. IF NOT, POST REQUESTS COMMERCE GIVE APPROPRIATE DISSEMINATION TO INTRESTED AMERICAN FIRMS. FYI: HOWARD PARSONS WAS MEMBER OF COMMERCE-ORGANIZED TEXTILE MACHINERY TRADE MISSION TO PAKISTAN IN FEBRUARY 1974 WHEN ORIGINAL CONTACT FOR THIS PROJECT WAS MADE. TIGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KARACH00055
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750009-0095
From: KARACHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750166/aaaacgcu.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAR 2003 by DavisCW>; APPROVED <05 JAN 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT EARLY WARNING: POLYESTER FIBER PLANT IN KARACHI
TAGS: BEXP, PK
To: COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006